



SEN. GEORGE RUNNER (RET.)

MEMBER  
STATE BOARD OF EQUALIZATION  
**CALIFORNIA'S TAX BOARD**

September 7, 2016

Governor Jerry Brown  
ATTN: Michael R.O. Martinez, Deputy Legislative Affairs Secretary  
Governor's Office, Legislative Unit  
State Capitol, First Floor  
Sacramento, CA 95814

**RE: SENATE BILL 907 (GALGIANI) – TAXATION: MORTGAGE DEBT FORGIVENESS • REQUEST FOR SIGNATURE •**

Dear Governor Brown:

I am writing to respectfully request your signature on Senate Bill 907, which conforms state law to the federal *Tax Increase Prevention Act of 2014* and the *Protecting Americans from Tax Hikes Act of 2015* with minor modifications, extending tax relief to borrowers who received home loan modifications, completed specified short sales, or lost their homes to foreclosure in the last two years.

From 2007 to 2012, California law provided virtually the same tax relief under both federal and state law to homeowners who negotiated a short sale, received a principal reduction, or lost their home to foreclosure. With the passage of AB 1393, California continued to provide this same relief to struggling homeowners through the end of 2013. Currently, without a legislative remedy, borrowers who received loan modifications, completed short sales, or had a home foreclosed in 2014, 2015 or 2016 may have to report as taxable income the amount of debt forgiven by a lender.

Without this bill, many borrowers who faced hardship last year may find themselves once again in an uncertain financial situation if they are saddled with a tax burden resulting from forgiven debt. For this reason, SB 907 is necessary to provide tax relief to thousands of Californians who could easily be elevated into higher tax brackets based upon forgiven mortgage debt. I urge your support of this urgency measure that will take effect upon your signature.

Sincerely,

A handwritten signature in blue ink, appearing to read "G. Runner".

GEORGE RUNNER  
1<sup>st</sup> District

cc: Senator Galgiani